

Saules BESS bond issue

Offering of EUR 22 million, 9% + 3M EURIBOR, 3.5-year Senior Secured Bonds



About Saules BESS

- SIA Saules BESS (the Issuer) is a subsidiary of SIA Saules Energy, which has developed a 71.5 MWp solar PV portfolio in Latvia and is backed by Merito Sustainable Energy Fund I.
- The Company is developing and intends to operate a utility-scale 120 MWh Battery Energy Storage System (BESS) platform, leveraging Saules Energy's existing solar park infrastructure to participate in wholesale electricity and balancing ancillary markets.
- SIA Saules BESS was established by Māris Plūme, Artūrs Plūme and Merito Sustainable Energy Fund I as the Group's battery energy storage platform. Saules BESS has an experienced management team with proven on-time, on-budget delivery and strong industry expertise.

Business overview

- The Issuer is developing a 55 MW grid connection / 120 MWh capacity BESS project across eight Saules Energy solar park sites in Latvia, with full commissioning expected by December 2026.
- The project will use Saules Energy's existing solar park infrastructure, including approximately 55 MW of available grid connection capacity.
- The Baltic BESS sector is supported by increasing renewable generation and limited balancing capacity, which are driving higher demand for battery-based flexibility after the 2025 synchronization with Continental Europe. Low installed storage capacity and higher electricity price volatility in the Baltics create stronger near-term revenue potential for BESS operators than in more mature European markets.
- The Company plans to generate revenues from electricity price arbitrage, balancing services and ancillary markets, including FCR products. Charging the battery units when electricity prices are low and selling stored electricity when prices surge.
- Market participation will be enabled by the sector-leading Capalo AI platform, which maximizes battery value through AI-optimized dispatch and automated trading across wholesale electricity, balancing, and ancillary services markets.
- The co-located PV and BESS structure allows the project to combine solar generation, battery storage and grid access, supporting revenue stacking and lower grid-related costs.
- The Company has already received and commenced installation of the BESS units, with bond proceeds intended to complete remaining equipment payments and repay a EUR 13m bridge bank loan used to finance the initial purchase.

Financial projections

- The project is expected to generate strong unit economics under prudent assumptions, with combined 5-year EBITDA projected to reach EUR 27m by FY2030.
- The Company forecasts strong earnings through 2029, with net profit peaking at EUR 3.4m and a 31% net profit margin.
- The Issuer's financing structure is expected to deleverage aggressively over the bond tenor through mandatory scheduled amortisation and cash sweep mechanisms, resulting in a significant reduction in leverage.
- The Company is projected to remain comfortably within its covenant thresholds, which come into effect in 2028, supported by gradual deleveraging and scheduled secured bond principal repayments.
- Earnings are expected to be retained at the Issuer level throughout the bond tenor, with no dividend distributions planned before full bond redemption.

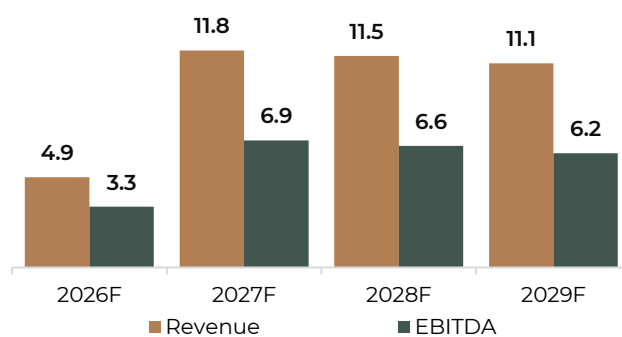
Financial projections

| € million | 2026F | 2027F | 2028F | 2029F |
|--------------------------------------|-------|-------|-------|-------|
| Revenue | 4.9 | 11.8 | 11.5 | 11.1 |
| EBITDA | 3.3 | 6.9 | 6.6 | 6.2 |
| EBITDA margin | 67% | 59% | 57% | 56% |
| Net profit | 1.2 | 2.8 | 3.1 | 3.4 |
| Net margin | 25% | 24% | 27% | 31% |
| Total assets | 27.3 | 25.0 | 24.1 | 21.0 |
| Equity | 1.1 | 4.1 | 7.1 | 10.5 |
| Secured bonds | 21.0 | 15.9 | 11.9 | 5.5 |
| Adj. equity ratio ¹ | 23% | 25% | 38% | 52% |
| Net Debt / EBITDA | 6.8x | 2.6x | 2.6x | 2.1x |
| Interest coverage ratio ² | 2.3x | 2.4x | 2.9x | 3.4x |

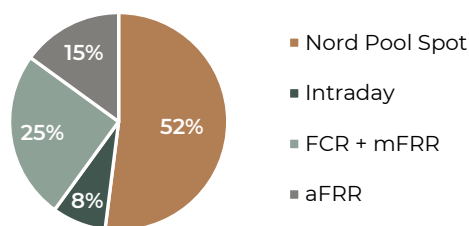
¹ Adjusted Equity ratio = (Total equity + Subordinated debt) / Total Assets

² ICR = EBITDA / Net Finance expenses

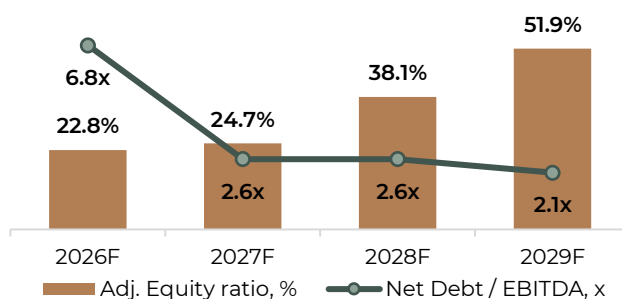
Projected revenues and EBITDA (EURm)



Revenue forecast breakdown (FY 2027)



Equity ratio¹ and leverage development



Source: Saules BESS's forecasts, management reports and independent research reports

Notes: ¹ Adjusted Equity ratio = (Total equity + Subordinated debt) / Total Assets

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Term Sheet

| | |
|----------------------------|--|
| Issuer | SIA Saules BESS (Latvia) |
| Security type | Senior Secured bonds |
| ISIN | LV0000112019 |
| Offering size | EUR 22,000,000 |
| Coupon rate, frequency | 9.0% + 3M EURIBOR, paid quarterly |
| Maturity | 3.5 years (31.12.2029) |
| Offer type | Private placement with minimum subscription of EUR 100,000 |
| Collateral | <ul style="list-style-type: none"> 1st ranking commercial pledge on assets and shares of Saules BESS SIA 1st ranking commercial pledge on shares of Saules Energy SIA Corporate guarantee from Saules Energy SIA |
| Subordination | <ul style="list-style-type: none"> Subordination of Merito Sustainable Energy FUND I AIF loans to Saules Energy SIA Subordination of Merito Sustainable Energy FUND I AIF loans to SES Subsidiaries Subordination of Saules Energy SIA loans to Saules BESS SIA |
| Amortisation schedule | Year 1 - EUR 1,000,000 Year 2 - EUR 3,000,000 Year 3 - EUR 3,000,000 Year 3.5 - (Bullet - remaining principal) |
| Nominal value | EUR 1,000 |
| Call Option | During the 1st year - @103% After the 1st year - @102% After the 2nd year - @101% 6 months before maturity - @100% |
| Put Option | Change of Control, Listing failure, De-listing Event @101% |
| Use of proceeds | Financing of CAPEX projects (120 MWh BESS projects) and EUR 13 million loan refinancing |
| Listing | Nasdaq Riga First North Market within 6 months after the Issue Date |
| Financial covenants | <ul style="list-style-type: none"> Adj. equity / Assets: starting from Q1 2028 min 30% Interest Coverage Ratio: starting from Q1 2028 min 1.5x Net debt / EBITDA: starting from Q1 2028 max 4.0x |
| Arranger | Signet Bank (Latvia) |
| Legal Counsel | Sorainen ZAB SIA (Latvia) |
| Collateral Agent & Trustee | Eversheds Sutherland Bitāns ZAB SIA (Latvia) |

Key investment highlights

1. Led by a management team with **proven expertise in solar, renewables and BESS**, backed by Merito
2. **Fully ring-fenced** and cash generating collateral
3. A **Clear execution timeline**, with the EPC contract signed and **120 MWh BESS** commissioning targeted by **Q3 2026**
4. Projected **strong unit economics**, supported by EY-validated revenue assumptions and business model
5. Add-on to **existing parent-company solar platform**, utilizing **8 PV parks** with **71 MWp** of installed capacity and grid connections ready for use

Information on the bond issue

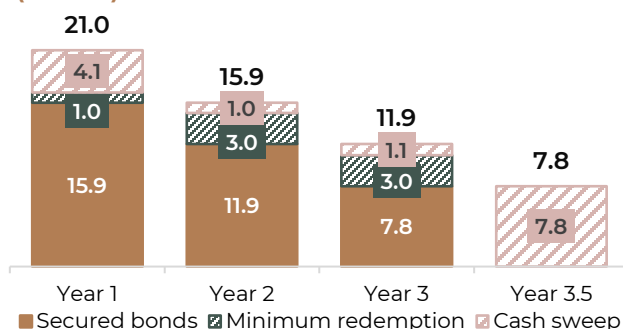
- Saules BESS is issuing up to EUR 22m of senior secured bonds to finalize the development of its 55 MW / 120 MWh BESS project.
- The bonds are secured by a 1st ranking commercial pledge on the Issuer's assets, a 1st ranking pledge on Issuer and Saules Energy shares, and a corporate guarantee from the parent company, Saules Energy.
- Bond proceeds will be used to complete payments for the already ordered BESS units and refinance a EUR 13m bridge loan from Signet Bank used for the initial equipment purchase.
- Financial covenants apply from Q1 2028, after the project is expected to be fully operational and partially leveraged.

Amortisation schedule and Cash sweep

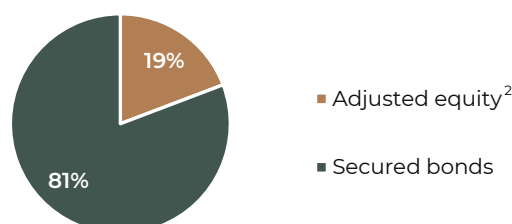
- The bonds will amortise gradually over the bond term, while retained earnings will remain in the company to support equity adequacy.
- Secured bonds amortise from **€21.0m at issue to €7.8m by Year 3** a **~63% reduction** via minimum bond redemptions together with cash sweep payments.
- Collateral coverage strengthens rapidly - implied LTV against BESS asset value¹ declines from **70% to 38% by Year 3**.
- Amortisation schedule is built on **conservative assumptions, excluding the short-term revenue premium** currently available in the Latvian BESS market - providing upside to the deleveraging profile.
- Refinancing at year 3.5 through a combination of internal funds and bank financing.

Full list of undertakings in the Offering Memorandum

Amortisation schedule of Secured bonds (EURm)



Post issue funding structure, (30.06.2026)²



Source: Saules BESS's forecasts, management reports and independent research reports

Notes: 1 BESS Residual Value

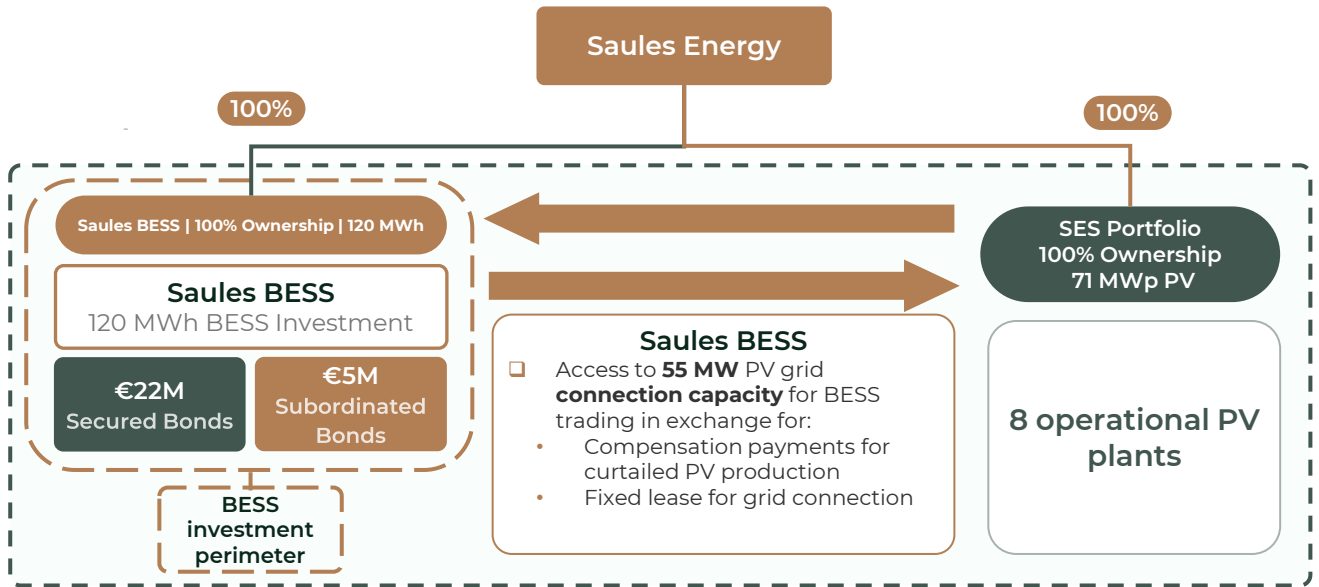
2 Adjusted equity = Equity + subordinated bonds

Saules BESS bond issue

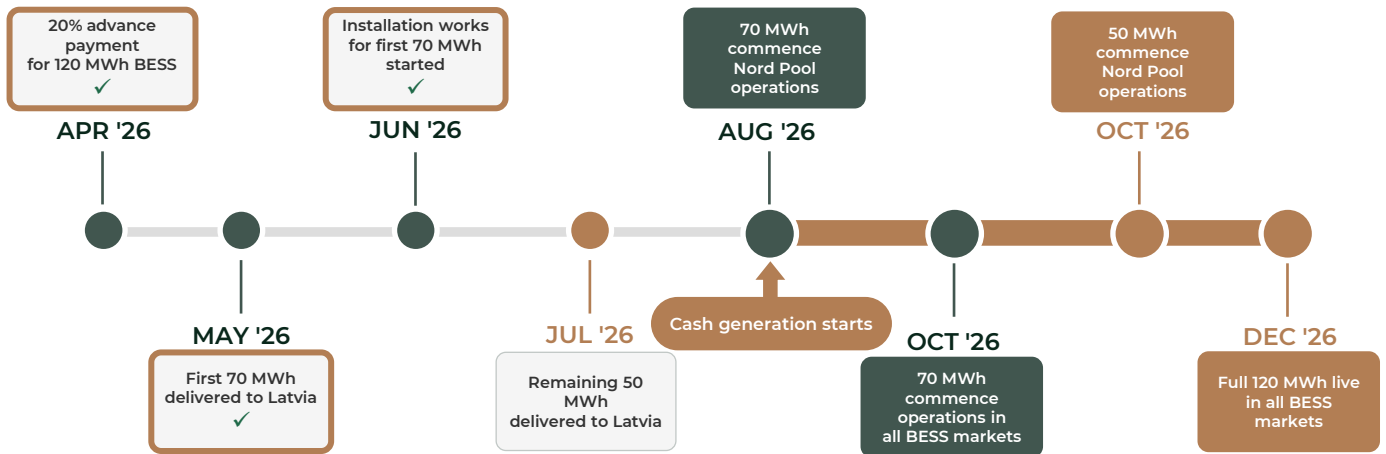
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Fully ring-fenced and cash generating collateral

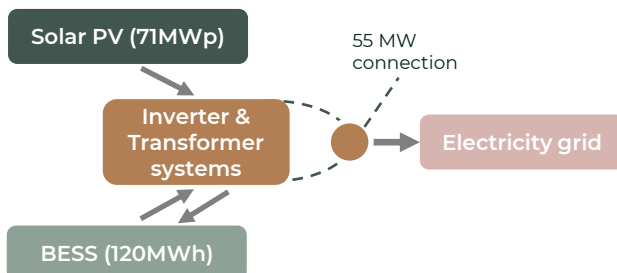
- **Saules Energy** is 75% owned by **Merito Sustainable Energy Fund I AIF**, a EUR 20 million investment fund backed by 86 investors, while the remaining 25% is owned by the management team
- **Ring-fenced** Saules BESS investment perimeter
- Benefit from **already built grid connections**
- Secured with **liquid BESS collateral**



BESS Commissioning timeline



Simplified BESS + Solar PV system



Saules BESS unit visualization



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The Issuer or its affiliates may, subject to applicable laws, purchase the Bonds. It should be noted that under specific circumstances their interests may conflict with those of other bondholders.

Risk factors

When making an investment in bonds, investors undertake certain financial risks. The main risk factors that influence SIA Saules BESS (the Issuer) are: the Issuer operates in the battery energy storage system ("BESS") sector, which is dependent on wholesale electricity market volatility, price differentials between charging and discharging periods, balancing and ancillary services revenues, and broader electricity market dynamics; reduced electricity price volatility, lower demand, increased system flexibility, market saturation or changes in market design may adversely affect the Issuer's revenues and profitability; the Issuer is exposed to macroeconomic, geopolitical and regulatory risks affecting the Baltic, Nordic and European energy markets, including sanctions, cyberattacks, supply chain disruptions, market intervention measures, price caps, windfall taxes and changes in renewable energy or electricity market regulation; the Issuer is exposed to project development, construction and commissioning risks, including delays, cost overruns, contractor or supplier defaults, equipment delivery issues, permitting delays and technical integration risks; the Issuer's business is capital-intensive and depends on access to external financing, refinancing and acceptable financing conditions; inflation and higher interest rates may increase equipment, construction, maintenance and debt servicing costs; the Issuer relies on third-party trading partners, optimisation systems and market access arrangements, and underperformance or termination of such arrangements may reduce expected revenues; the Issuer's BESS projects may be affected by co-location and grid connection risks, including shared infrastructure constraints, outages, grid capacity limitations and dependencies on affiliated renewable energy projects; the Issuer may enter into related-party or intercompany arrangements, which may create conflicts of interest or may not be fully concluded on arm's length terms; the Issuer is exposed to technological disruption, competition from other BESS and renewable market participants, and possible faster-than-expected market saturation; the Issuer may face cybersecurity, IT, data protection, ESG, environmental, fire safety, hazardous materials, insurance, natural disaster and business interruption risks; the Issuer depends on qualified personnel and technical expertise in energy trading, BESS operations, project development, grid integration and regulatory compliance; and changes in tax laws, environmental regulation, energy taxation or sustainability requirements may adversely affect the Issuer's financial performance.

When investing funds in bonds, investors undertake the following risks related to debt securities: the Notes are secured obligations, however recovery available to Noteholders may be insufficient in the event of enforcement, insolvency or restructuring; the Collateral may be affected by technological obsolescence, physical degradation, depreciation, damage, defects, theft, warranty limitations, changes in asset condition, changes in technical standards or limited demand for used BESS equipment; BESS assets are complex and site-specific, and enforcement may require decommissioning, dismantling, storage, transportation, insurance, recommissioning, hazardous materials handling, environmental remediation or other costly actions; the Collateral may not be saleable as an operating project and enforcement proceeds may be materially lower than book value or replacement cost; the value and enforceability of the Collateral may be affected by grid connection rights, land use rights, permits, software licences, service agreements, warranties and other project-related rights; the Guarantee may be unsecured, subject to legal limitations, procedural requirements, insolvency defences, claw-back risks or other enforceability limitations; the Collateral and Guarantee are enforced through the Collateral Agent and Parallel Debt structure, and Noteholders may not have direct enforcement rights; the Parallel Debt concept is not explicitly recognised under Latvian law and has not been tested in Latvian courts; enforcement may be delayed, limited or unsuccessful due to majority Noteholder voting thresholds, procedural requirements, indemnity requirements, rights of first refusal, costs, taxes, Collateral Agent actions or applicable law limitations; there is a risk that BESS assets may be reclassified as immovable property after installation and grid connection, which may affect the effectiveness of the commercial pledge until building rights and mortgages are registered; the Issuer may fail to make interest or principal payments under the Notes or may be unable to repay or repurchase the Notes at maturity; a liquid secondary market for the Notes may not develop; the Notes may not be admitted to trading or may be delisted; the market price of the Notes may fluctuate due to changes in interest rates, EURIBOR, central bank policy, economic conditions or investor demand; the Notes may be redeemed early, exposing investors to reinvestment risk; majority Noteholder decisions may be binding on all Noteholders; allocation of the Notes may be made at the Issuer's discretion in case of oversubscription and certain investors may receive preferential allocation terms or additional rights; and changes in tax laws may adversely affect the return on the Notes.

The risks indicated in this section may reduce SIA Saules BESS's ability to fulfil its obligations and cause its insolvency in the worst-case scenario. This section may not feature all the potential risks, which may affect SIA Saules BESS.